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ABSTRACT

This book analyzes the financing of U.S. higher education. Chapter 1, "Introduction," discusses education's response to the labor market, causes of the financing crisis and constraints, and justifying change. Chapter 2, "How We Pay for College," examines components of the financing system; determining expected family contribution and need; federal aid programs; anomalies in financial aid formulas; prices students actually pay; net progressivity of federal, state, and institutional subsidies; state subsidies to two- and four-year colleges; tax benefits and expenditures; college investment behavior; and how other countries pay for college. Chapter 3, "Rising Costs in Higher Education," discusses costs per student; rising costs; financial aid and cost inflation; incentives in financial aid rules; analogies with health care cost inflation; expanding loan volumes; federal policy for cost-sharing with state governments; rising input costs; and price discounting. Chapter 4, "Has Financial Aid Policy Succeeded in Ensuring Access to College?" presents rationales for public action; economic development and rising payoffs of college education; financial constraints and college investment decisions; youth sensitivity to college costs and labor market payoffs; the Pell Grant Program; the Job Training Partnership Act; and incentives provided by parents. Chapter 5, "Rethinking How Americans Pay for College," examines financial aid policy goals and inevitable tradeoffs when designing financial aid systems. (Contains approximately 101 references.) (SM)

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